

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE		PAGE OF PAGES		
2. AMENDMENT/MODIFICATION NO.			3. EFFECTIVE DATE		4. REQUISITION/PURCHASE REQ. NO.		5. PROJECT NO. (If applicable)	
6. ISSUED BY			CODE		7. ADMINISTERED BY (If other than Item 6)		CODE	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)				(X)		9A. AMENDMENT OF SOLICITATION NO.		
						9B. DATED (SEE ITEM 11)		
						10A. MODIFICATION OF CONTRACT/ORDER NO.		
						10B. DATED (SEE ITEM 11)		
CODE			FACILITY CODE					
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS								
<input type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment your desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.								
12. ACCOUNTING AND APPROPRIATION DATA (If required)								
13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.								
CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.							
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).							
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:							
	D. OTHER (Specify type of modification and authority)							
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.								
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)								
15A. NAME AND TITLE OF SIGNER (Type or print)				16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)				
15B. CONTRACTOR/OFFEROR				15C. DATE SIGNED		16B. UNITED STATES OF AMERICA		
15C. DATE SIGNED				16B. UNITED STATES OF AMERICA		16C. DATE SIGNED		
(Signature of person authorized to sign)				(Signature of Contracting Officer)				

1Continued from Page 1, SF 30, Block 14.

Subject Amendment is issued to accomplish the following:

A. The following Questions received from Industry, and verbally provided at the Pre-Proposal Conference 26 June 2003, are provided for information purposes. Any changes, additions/deletions, or corrections to the RFP and all attachments will be made in a subsequent amendment, if appropriate.:

1. Will on-site storage be required for all the drums, containers, trailers, etc. noted in the Distribution Services in the SOO?

Answer: On-site storage for trailers is not required under any Offeror Proposal Package. On-site storage is required for all drums and containers under Packages #1and Package #2. No on-site storage of drums and containers is required either Package #3 or #4.

2. Will Government provide all necessary drums and containers?

Answer: Yes, but under Package #1 and #2 only.

3. How is Contractor reimbursed for additional product required for OPTIONAL TESTING?

Answer: An order will be placed by the Item Manager for whatever quantities are required by the Government for optional testing. The order will be placed at the unit price proposed and awarded for the specific product CLIN

Example: CLIN 0007 is HPH. If optional testing is required for CLIN 0007, additional product will be reimbursed at the contract price for CLIN 0007.

4. Is the A50 reclamation BEQ an average annual or total 10-year quantity?

Answer: We believe this question should read "is the A50 separation..." and as such, the answer should be: The A50 separation quantity as shown in the RFP is a one time EQ. However, the Schedule is in gallons. The RFP will be amended to show the one time EQ for A50 separation in pounds, so the EQ will change to 11,250 lbs.

5. The BEQ for HPH and MPH are significantly higher than historical requirements. How confident is DESC with these BEQs and is it possible that the actual volume for either HPH or MPH may be zero for any given year?

Answer: Yes, the actual volume for either HPH or MPH could be zero. This is a requirements type contract.

6. What is the negotiation process and key milestones following proposal submittal?

Answer: IAW L2.05, this will be a negotiated procurement whereby the CO intends to establish a competitive range and negotiate with all offerors whose initial offers are determined to be in the competitive range. Discussions will be centered on both technical/non-cost factors as shown in the RFP as well as price. The next "milestone" after the pre-proposal is the site visit, during the week of 7 July. The next milestone will be the RFP closing date of 12 September 2003. The Gov't hopes to award a contract by the end of the calendar year. Beyond those dates, the remaining milestones are procurement sensitive.

7. Site visits may prove extremely beneficial in the development of a proposal for DESC. May site visits be scheduled for early July?

Answer: Currently, the Government anticipates scheduling a site visit to either VAFB or CCAFS for the week of 7 July. POST PREPOSAL NOTE: The Site Visit will actually occur the week of 14 July at NASA/KSC. A site visit will not be conducted at VAFB.

8. How may Contractor questions be presented for answers following the pre-proposal conference?

Answer: All questions should be submitted in writing to the DESC Contracting Officer, either by fax, hard copy letter, or e-mail. All questions and answers will be made public through issuance of an Amendment. Any Questions/Discussions which occur during the pre-proposal conference will be recorded and a transcript will be provided thru issuance of an amendment. The cut-off for questions from industry has been established as 12 Aug.

9. Please define "Production" as it relates to the DOMESTIC SOURCE PRODUCTION clause. Specifically does it allow import of major raw materials from outside the United States? And does it also limit foreign owned companies from competing.

Answer: The actual clause title is DOMESTIC SOURCE RESTRICTION. The clause at DFARS 252.206-7000 is promulgated from 10 U.S.C. 2304©(3). We are using the authority at (A) to restrict competition to offerors who will build a domestic production facility in the Continental United States, in order "...to maintain a facility, producer, manufacturer, or other supplier available for furnishing property or services in case of a national emergency or to achieve industrial mobilization." We believe that only a source, in other words, a production facility, located in the Continental United States can ensure that the Government will have reliable source during a national emergency and/or to achieve industrial mobilization, and therefore meet our needs. Further, FAR 6.302-3(b)(1)(v) allows restriction of competition to domestic production sources in order to "create or maintain the required domestic capability for production of critical supplies by limiting competition to items manufactured in the United States or the United States and Canada. The Clause found at DFARS 252.206-7000 clearly states "foreign sources, except for Canadian sources, are not eligible for award."

The question regarding the import of major raw materials is still under consideration. However, we need more information from the questioner – what is meant by "major raw material" as it relates to the hydrazine products listed in the RFP?

10. Our issue deals with the government's approach to the monthly facility fee (reference question 8 of our Memo dated May 23, 2003). Because the MFF does not start until after first article acceptance, the risks associated with 1) the contractor financing all construction costs during the entire build process, and 2) the potential of failing first article (although we consider this highly unlikely, it will be an issue with our financiers), thereby burdening the contractor to recover all costs, are extremely high and are greatly factored into a bid/no-bid decision. Hence, because of the extreme contractor risk involved, the government may end up with no bidders for this contract. We strongly suggest examining the MFF approach, thereby reducing risk to the contractor.

Answer: Based on industry input, the MFF has already been revised to include amortization of payments over a 36 month term ILO the entire basic contract period.

11. Ref. Section L2 A 1 – We are concerned about providing too much detailed information on our production process. It is industry practice that proprietary information such as P&ID's not be divulged prior to contract award. Would DESC accept a process flow scheme in lieu of P&ID's with full detailed information made available following successful award of the contract? This is a Bid / No Bid Decision for

us. Would it be possible to reword the section to be similar to the below excerpt from the N₂O₄ Solicitation:

“The technical proposal shall discuss, but not be limited to the proposed or existing process used to produce dinitrogen tetroxide including a simplified flow diagram (or process and instrumentation diagram if available), raw materials, materials of construction, variability in the composition or source of raw material, laboratory facilities, experience, distribution, and/or loading facilities. “

Answer: The RFP is very clear as to what will be evaluated. Each offeror should make his/her own decision as to how to construct its offer. A technical proposal cannot be evaluated on anything more than what is submitted in writing. The evaluation team can make no inferences and/or assumptions as to the offeror’s capabilities or lack of capabilities as the case may be. The proposal is evaluated strictly on its own merits. If properly marked as “trade secrets,” technical submissions as part of the Preaward process are not releasable under FOIA.

12. Ref. Package #1 SOO 5a - The recovery of 100% of product returned, regardless of product composition, is not always necessarily technically feasible or realistic. As part of the final RFP, would DESC accept a trade study as an option to determine the correct percentage to credit, taking into consideration the cost of recovering returned product and the cost savings of disposal to the end user returning product?

Answer: It is understood that a process may not recover 100% of the returned product, however a formula had to be developed in how the pricing should be structured. If an offeror’s process only recovers 90% of the returned material, then he/she should take that into consideration when developing his bid. In the event the cost of reclaiming the returned material exceeds the cost of purchasing virgin product, then it must be considered as disposal of the product and a separate contract will need to be developed and administered by DRMO.

13. Ref Section C16.65-8 - Please clarify the reason for the various changes (either new or more stringent requirements) to the product specifications (i.e. silicon)? Are these customer driven?

Answer: These changes are customer driven. The requirements of the specification, including the modifications contained in the RFP are procurement requirements only – the product must meet these requirements at time of acceptance by the government.

14. Ref. Section L2 C Price Proposal – Volume V, 1 - Please define the term “Sufficient information relative to the price structure for the MFF and MMF shall also be submitted”. What constitutes sufficient information? Please provide the format for this information other than the CLIN structure.

Answer: This appears to be a reference to the DRAFT RFP. The term “sufficient information...” was deleted from para 5.a. of L2.05, and replaced with specifically what should be included in the price structure of the MFF and MMF. See para 2.a. and 2.b. of each SOO

15. Proposal packages #1 and #4 include transportation services to move bulk product FOB destination. We believe it be in the best interest of the government, contractor and end users to change this requirement to accept product at FOB origin, then have the contractor provide transportation services as an agent of the government. This would be similar to the process that product transportation is currently handled, where the government assumes liability of the product while in transit.

Answer: Under Package #1, product is inspected and accepted at origin as it is placed into the CSP inventory. This means the Gov't assumes the risk of loss since it has taken title to the product at the production facility. However, the Contractor still has responsibility for product while in transit, as the contractor, not the Government, is the one responsible for the

transportation of the product, albeit Govt-owned, when it comes to negligence of the transporter and/or contractor. Please refer to E5, the standard FAR clause for inspection and acceptance. Under Package #4, it is a pure FOB Destination scenario whereby the Contractor is responsible until the product is delivered to the Customer location.

16. If a team is composed of a joint venture or LLC, with a small business as the majority owner, would this eliminate the requirement to prepare a subcontracting plan in accordance with FAR 19-202?

Answer: In a Joint venture or LLC of which one entity is a large business pursuant to the size standards stated for the applicable NAICS Code, the entity, i.e. the Joint Venture/LLC, becomes a large business by virtue of the partnership participation. Therefore, a subcontracting plan is required as the procurement is estimated to exceed \$500,000.

17. Attachment #1 and #4 statement of objectives state that during bulk product transportation "each of the four cargo trailers call be equipped with the Defense Transportation Tracking System (DTTS) by which the contractor shall track the shipment." Will this system and associated software be provided by the government?

Answer: No. However, the RFP will be amended to require the commercial equivalent of DTTS to be used by the contractor, i.e. satellite tracking.

18. Attachment #4 statement of objectives includes transportation of bulk product. Shouldn't this attachment include a section for government furnished property – "Trailers: 4 each, designed to DOT specification MC338"?

Answer: No. If the contractor offers under either Offeror Proposal Packages #1 or 4, the contractor will be totally responsible for contracting with the bulk carrier(s) for bulk delivery of product. DESC will not provide carriers/trailers as GFP or perform any associated services. Lastly, the requirement for 4 each trailers will be deleted from the SOOs of Packages #1 and 4. It is up to the Contractor in each of those packages to ensure sufficient trailers for reliable delivery under the contract.

19. The CLIN Schedule for packages #1, #2 and #4, CLIN 17 needs to include a line item for the following:

- Trailers – hydrostatic/pneumatic test non-labor component
- Trailers – road maintenance non-labor component

Answer: ON packages #1 and #4, include both in the standby and maintenance CLIN, 0020AC. On packages #2 and #3, neither are applicable as they will be accomplished under a separate DESC contract as DESC will provide for carrier services.

20. Due to difficult economic conditions in the United States, the chemical industry is experiencing significant financial dislocation as evidenced by recent bankruptcy filings throughout the industry. It is critical to ensure the selection of a contractor with the financial staying power needed to complete the 10-year base contract and possibly the two 5 year extensions. We suggest the RFP require the submission of complete financial capability statements from all offerors.

Answer: An extensive financial PreAward Survey will be conducted by DCAA upon each offeror determined to be in the competitive range. DCAA will request specific documents in order to conduct this financial evaluation. ILO DESC requesting this information with the proposal and then DCAA asking for it again, or for something different, we have determined that the most efficient way to handle this is to just have DCAA obtain what they need, when needed, for what they need it for.

21. We appreciate DESC's consideration for recovery of contractor facility investment within three years after first article acceptance. We request DESC incorporate progress payments into the RFP that provide for monthly invoices paying 90% of completed construction with a 10% retainage payable to the contractor upon successful first article acceptance. Without this provision being included in the RFP, it is unlikely that competitive financing for the project could be obtained. By providing relief to the contractor in this area the government will realize significant cost savings over the initial base contract.

Answer: We are considering offering Commercial Interim Payments, but have as yet, made the final decision nor sought the appropriate approvals to do so.

22. We recognize the government's concern regarding financing a production plant prior to meeting first article acceptance. To mitigate the governments concern, our team is uniquely capable of providing product from an existing facility.

Answer: PreProduction samples can be provided from a facility located anywhere as long as the same materials of construction and process are used in making the preproduction samples as will be used in making the First Article and all product produced for delivery under the contract. From First Article on, ALL product delivered under the contract must be from a domestic source, that is production facility, located in the Continental United States.

23. In recognition of the tight financial budgets federal agencies are experiencing it is important to identify sources of funding for the progress payments we discussed above. We suggest considering an innovative approach to financing the progress payments. It has been our observation that price for chemical products, storage, and manufacturing has been falling for some time throughout the industry. We believe DESC should compare the current cost of storage of your inventory of hydrazine with the options of storing your hydrazine inventory at an existing launch site such as Kennedy Space Center or Vandenberg AFB. If the new approach to storage lowers DESC's costs, these funds could be made available for progress payments.

Answer: See #21. However, any business case to develop the amount of cost avoidance for storing at NASA/KSC and/or VAFB would be based on offers received under the RFP, not the current cost of storage.

B. Site visit details will be provided as soon as possible, however see Q&A #7 update. The site visit will occur the week of 14 July 2003 at Cape Canaveral Air Force Station/Kennedy Space Center.

C. Subsequent amendment(s) will be issued to incorporate changes and administrative issues as needed.

D. Questions and Answers from the PreProposal Conference will also be provided via subsequent amendment.